

PRESENTATION ON OVERSEAS PERSONNEL MANAGEMENT

by Henry Du Flon
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MR. REYNOLDS: Gentlemen, and one lady, Mr. Du Flon is Special Assistant to the President's Advisor on Personnel Management, and they are concentrating on top level overseas personnel management problems. This presentation today was intended to be made to the "Little Cabinet", but that was postponed so we are very fortunate in having him here with us. Some of us have met him before. He will introduce the other members of his group as he goes along.

MR. DULLES: May I say a word before you start? I want to express our appreciation for your being here. I have just come back, a few weeks ago, from a trip overseas, and in talking with our personnel over there I was convinced with the tremendous importance of doing something for the overseas personnel of all of our agencies. The thing I came across the most - the one thing they impressed upon me, was to try to do something about educational facilities for the children of families overseas. That would probably do more than any one thing to raise morale and to make service abroad, which often is difficult and sometimes even dangerous in our service, more acceptable. They are willing to do it and love the work, but the problem of taking care of families and educating children is one of the things I know that they all impressed upon me during my trip. I know there are many other facets to this but that was impressed upon me so much.

MR. DU FLON: We cover the education allowances, to a degree, in our allowances Bill. I am afraid we are going ahead more in the manner of

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trying to ask for what we think we should get than asking for what we should have, and it may be that as we actually meet with the Congressional committees we can revise that upward. I know in my own mind there is no question but that what we ask for is a bare minimum.

MR. DULLES: Why don't you ask for what you want?

MR. DU FLON: I vacillate between those two points.

MR. DULLES: I can take case after case of our own people where they are doing marvelous work but I have to bring them back here for the schools because they can't afford to continue the schooling abroad.

MR. DU FLON: It's a very acute problem, the educational one. We have it grouped with all the other allowances.

MR. DULLES: You will excuse me if I have to go before this presentation is over.

MR. DU FLON: We are happy to have this opportunity to come over here.

We sent out some charts yesterday to three different spots to be done and, we hoped, with some uniformity of finish. When they came back I found they were not on board, so if I look like a paper hanger up here trying to hold up the papers, please bear with me.

We call this the Executive Branch program for the improvement of overseas service because the activity is going forward in a good many agencies within the Executive Branch. There is activity in certain areas in the Legislative Branch; for example, in the General Accounting Office in the Panama Canal Zone - a very extensive program. We are concerned only with what is going on in the Executive Branch.

I won't go into the background of why we are in business, but

roughly it is that in the absence of an agency that can look into all systems, for example agencies under the Foreign Service Act as well as Civil Service, we are trying to do a job that will elate service overseas. We are going to make this presentation in four parts: first of all, a statement of the personnel picture in general, and some of the problems; secondly, the action program being conducted to strengthen the Civil Service overseas; thirdly, the action program being conducted by State Department to strengthen their Foreign Service; and, finally, a summary of legislative and administrative proposals. These concern all personnel in government, irrespective of system coverage, including aliens.

First of all, a picture of the overseas personnel area. There are, roughly, 84,000 U.S. citizen civilians, 101,000 non-citizens on direct hire, and 185,000 total. This is exclusive of so-called "contract" personnel, or, as we call them, "indirect hire" who are actually under our supervision and working alongside our direct hire personnel but who are contracted or in some other agreement form working for us. None of what we have to say in the following charts will concern this contract personnel problem.

MR. DULLES: This doesn't cover Defense, does it?

MR. DU FLON: Defense Department but not uniform personnel.

MR. DULLES: If we build a base, for example, it doesn't cover contract labor on bases?

MR. DU FLON: It covers alien personnel on contract overseas of a different sort. There are 33 Federal agencies. We would upgrade that from 29. We have a listing of a breakdown of the other agencies. I think this figure alone is indicative of some of the problems we run into, because while we have been trying to devise some changes in systems, actually we

have this many Federal agencies operating overseas, and, in many instances, without true operating coordination. The organization and coordination problems that are represented by that many agencies, to the degree they lie outside personnel management, of course, are not our concern. They are our "concern" but not our "problem", let us say.

Here is a breakdown of the number of employees we have overseas, by system and by location. Starting here [indicating on chart] and going all the way around the circle to this point, are the numbers of territorial personnel. We are dealing here with just U.S. citizens and not aliens. Going from here all the way around to here are people serving under the Civil Service system, or under the Administration and eventually under the Civil Service Commission. This segment, the white, yellow and green represent personnel of the United States Government who are serving under the Foreign Service Act, the green segment with State Department, the yellow with FOA, and the white with USIA.

MR. DULLES: And we're sort of mixed in all around?

MR. DU FLON: You're not even mentioned.

MR. DULLES: Are we in the pie?

MR. DU FLON: You're in the pie.

MR. DU FLON: The last question I had on this concerned people in transit. As you can see, the territorial numbers here are 54,000 and foreign areas 29,000, giving us our total of 84,000. If you want to get into this particular breakdown by system and between foreign areas and territories, we have supporting statistics here and greater elaboration. I won't go into it at this moment, but it gives us a breakdown between the U.S.-citizen picture and the alien picture in greater detail. When John Macy takes up

the matter of extension of Civil Service overseas he will get down into a finer breakdown of this same chart at that time. This is just a suggested list of some of the problems we run into overseas.

Management in foreign areas is conducted under four major personnel systems: State, FOA, USIA and Civil Service. We are not trying to be exact here, but, if anything, we are making our mistakes on the side of not enough system instead of too many.

On the matter of base pay, we are not treating it in this presentation as a separate project. However, we have done some work on that. We had last year what became a handout, which indicates why we don't think we can get into the base pay problem overseas independently of taking up Federal base pay problems in the government in general, and we would only back down from that initial conclusion perhaps as Bill Sorensen is able to get into the territories exclusive of foreign areas. But for those of you who are interested in that particular aspect of it, we have some charts here which indicate some of the problems we run into in the base pay problem, and then I won't mention it again. We find that 35 to 45 different systems of base pay is, once again, a conservative estimate; 10 variations in allowances is conservative, and different recruitment systems. Our first presentation to the Cabinet, a year ago, included this chart which tried to give the impact of overseas problems in general, and in a suggestive rather than all-inclusive manner. Here, actually, we meant not friction between employees but friction between administrative groups covering these employees. Some system problems faced in 1954 - we just selected three here to indicate the areas of activity; in other words, the problems of the Civil Service system as they existed in 1954, the problems the State Department faced in their

Foreign Service, and then the problems peculiar to USIA.

We thought we would start out, in the substance of our discussion today, with one program that is not requiring legislative action, as far as we know - at this time, certainly - and that is the action program of the Civil Service Commission to extend the competitive career service overseas. John Macy, the Executive Director of the Civil Service Commission, is here and will give that part of our presentation.

MR. MACY: Thank you very much. I appreciate this opportunity to meet with you over here. I have had contacts with a number of you before on projects of mutual interest, some of them of not as broad and substantive a nature as this, but it is pleasant to be talking about situations that don't involve individual cases, for a change.

My concern in this portion of the presentation is solely with that group on the earlier chart that comes under the Civil Service Commission's jurisdiction - those employees, largely in the Defense Department, that are occupying positions of the same general nature as those that we find within the United States. And we have established our objective here for that group as providing a world-wide career service through an extension of the competitive service under the Civil Service Commission system.

Before covering the details of that, let's review just what positions we are talking about and where they are located. This semi-circle here on this chart indicates, within its boundaries, the location of the principal groups of U.S. citizens employed overseas. You will note that the large concentration on the European side are in Germany, in metropolitan France, and that in the Pacific the large concentration is in Japan, and then in the Territories and in Hawaii, Puerto Rico, the Virgin Islands and Alaska.

This represents a general distribution. So we are dealing with a world-wide problem, rather substantial dispersal, and, at the same time, some identifiable concentrations within given geographic locations. It breaks down, roughly, into two general categories: the territorial group of 54,000, and the foreign group of 30,000. To refine that a bit further, I have here the breakdown showing, first, in the foreign areas the totals, the 30,000 U.S. citizens, augmented by a non-citizen group of 83,000, plus this contract or indirect hire group that Hank mentioned. So you will see that in the foreign areas the agencies are dealing with many more non-citizens than they are with citizens, and yet this means that there is a concentration in the citizen positions of responsibility or skill which is essential to the overseas operation of the U.S. Government. In the territories, of course, the situation is reversed. We have 54,000 U.S. citizens, 18,000 non-citizens, and those are largely located in the Canal Zone and are Panamanians who work in that area or the Guamanians who have another odd non-citizen status that I won't get into because there are too many lawyers present who could catch up on me. This gives us a grand total of 84,000 U.S. citizens, a little over 100,000 non-citizens, or a gross U.S. employment of 185,000.

Now the employer of the great bulk of the personnel overseas is the Department of Defense, and we are addressing our program primarily to that area of responsibility. The three military departments, breaking it into three geographical segments, total up to something over 10,000 in the Pacific, 8,500 in the Atlantic, and 1,000 in the Western Hemisphere. These are U.S. citizens in foreign areas. Then the balance of the employment involves non-U.S. citizens. So what we are primarily concerned with is this group here.

In studying this we found that generally the vocational or occupational distribution is roughly the same as we would find in the United States. There is clerical personnel to some extent, although many clerical positions are filled by U.S. citizens, but a greater emphasis is on the technical, engineering and professional jobs that are filled by U.S. citizens.

To return to the pie again, the 84,000 overseas can, for the purposes of this presentation, be broken down into these four segments. The largest segment, representing 37% of the total, is already covered under the competitive service, which means that the positions are filled through regular, competitive processes, that the individuals who are appointed meet the competitive standards, that they have the same opportunities, the same obligations as employees in the competitive service in the United States. The group that is already covered are primarily in Hawaii, in Puerto Rico and the Virgin Islands. The group as yet not covered in the Territories is primarily Alaska, the Trust Territories and Panama. They are still outside of the competitive business on an excepted basis.

Then in the foreign areas we are dealing with this segment of 21,500, which is segregated here from the Foreign Service category, the category that on the previous charts included the Foreign Service, USIA and FOA. So we are talking about the conversion of that group to a competitive Civil Service system. This means that we are dealing, then, with two basic systems as far as our overseas structure is concerned. First, a system concerned with foreign affairs administration, the substantive functions of the State Department, of USIA and FOA, the concern with diplomatic and political representation. The information services and the aid and assistance programs are in a separate program which would cover the 8500 employees in

that particular group. The other group totaling about 74,000, and if you are a mathematician you will recall the total was 84,000 and that the sum of these two figures do not equal that figure, the balance of 1500 is represented in the non-Defense agencies in foreign areas or in a very peculiar institution that we operate known as the Alaskan Railway. We haven't quite decided what we do with a government-operated railway. That makes up for the difference. Everytime I have done this somebody has said, "Where are the 1500 people?" So I've answered that question. The 74,000 are concerned with activities which are roughly comparable to activities in the United States - defense, weather control, civil aviation, conservation, the operation of post offices in the territories, customs activities, immigration, and so on, and this is the area that we in the Civil Service Commission are primarily concerned with.

Now since the war this group of employees in the territories overseas in foreign areas have been in the excepted service. They constitute a large block in Schedule A, Schedule A being the catch-all category where we have placed positions for which we have felt it was infeasible to examine, and our experience has shown that this practice has led to a number of negative conditions which I have attempted to identify here on this chart. Just to cite a few of them, the inadequate supply of well qualified applicants. We find that is true because we have had little in the way of status or tenure to offer to individuals that we tried to recruit for overseas positions. In going into excepted positions there was no particular future in their jobs. This leads to the third point, that of lack of career opportunities. Our experience has been that probably the most favorable market for individuals to go overseas is within the ranks of

existing government employees within the United States. But the lack of career opportunities is very apparent, because they were forced to give up a status that they had in the United States in order to go overseas and accept this excepted type of employment. So we have had very definite liabilities in developing career opportunities that involved overseas assignments. This has led to an unstable work force, a high turnover, a large number of people returning before their contracts were up. So we feel that the use of the excepted schedule served as an expedient in handling what we thought at the time was a temporary or emergent situation, that that emergent situation no longer exists, that we have in prospect continuing employment on the part of the government of its own citizens overseas, and we should, therefore, develop a program which would permit the inclusion of those employees in our career patterns for Federal employment.

With this in mind we have proceeded administratively as Hank has indicated. This is one area where we do not require legislation. The Civil Service Commission has sufficient authority to go ahead and take this action. We have been working initially with the Department of Defense, since they represent the bulk of the employment, and we are working with them on a plan for bringing these positions into the competitive service and for conferring status upon qualified - and I'd like to put that "qualified" in neon letters - qualified employees. This is not a blanketing-in program. Those who will receive competitive status will have to meet competitive standards. They will have to meet the same standards that they would if they were to be employed within the United States. Once we have achieved the conversion of the employees presently in the excepted schedules we would then administer a world-wide appointment system for all new positions,

for all new personnel brought into the overseas positions in foreign countries.

We are also working out with all agencies a program for the same purpose in the territories, with our principal focus, at this time, on Alaska, and the desirability of bringing that large group of 14,000 employees into the competitive service. We would feel that once we have this experience then we would pick up the remaining pieces of the overseas employment and include them in the total program. As to the timing on this, we are thinking, roughly, in terms of initiating the first definitive action around the first of the year, with the hope that we can be on a continuing operating basis by the middle of the year or the first of July.

We have listed here what we feel to be the advantages, the affirmative aspects of extending the competitive service overseas. We feel that we can attract better qualified people as a result of having this system. We feel that because of competition there should be improved selection. We ought to have an opportunity to consider a larger number of qualified people, and that there can be a program of employee development with a feeling that there is some tenure involved in these appointments, which leads, in turn, to career opportunities. We would hope that the three Defense agencies would soon find it possible to build into their career patterns for civilians, overseas service as a step along the way of advancement in their civilian component. We think it would lead to better morale, that there would be some feeling of tenure and that therefore less turnover would result, and that the employees would be improved representatives of the United States. We would apply some of the checks, some of the investigative techniques that now apply to employees in the competitive service in the United States.

And likewise, we feel that this would lead to a greater freedom of action in employee movement and utilization. We could identify those people who had an interest and motivation for overseas service, without disrupting their career opportunities or advancement.

Following the administrative installation of this system, what would we have? Well, we would have a "before" picture similar to the one in the earlier chart, with the four separate segments; the "after" picture would include the entire territorial group, less this railroad group up here, a group of 53,000, plus - in the competitive service it would include 19,000 in foreign areas under the competitive service, leaving a small band of employees in the non-Defense agencies in foreign areas that we would pick up in subsequent months; and then the group of 8500 in the Foreign Affairs group. This would mean that we would then have out of the overseas population of 84,000, roughly 72,000 in the competitive service, or 85%, which would be almost the same as our world-wide percentage in the competitive service. We have today out of the 2,300,000 Federal employees all over the world, 85% covered by the competitive service. That same percentage would result from this program.

So, in conclusion, we feel that this would be a step toward providing the Federal government with a long-range, world-wide personnel system with a high degree of transferability and interchange, and with an opportunity for much greater stabilization of employment, with a single career service under one, consistent personnel pattern. So that is our planning insofar as this group of Civil Service jurisdiction employees are concerned.

I turn it back to you.

MR. DU FLON: John is not going to be able to stay with us very long as he is due in another meeting. I wonder, John, if you would make yourself available for such questions as might pertain to this part of the program?

MR. MACY: Again, I don't know how many CIA employees there are in the group I have been discussing. I assume you can interpret from my remarks just what your involvement would be.

Q. Were you referring to interchangeability between agencies overseas?

A. Between agencies overseas and home and abroad. I would hope, for example, that you would find in the Air Force, for example, where there are a large number of positions overseas at a certain level, almost a requirement that if an individual is going to advance in the civilian corps of the Air Force that he serve a period of service overseas. And under this system that can be worked out without a break in the individual's status or tenure.

Q. When you speak of career service you actually mean anyone in the competitive status in the Civil Service?

A. That is right.

Q. Anything other than excepted appointment.

A. You see, the inherent advantages of a competitive service are wrapped up in a number of movements that the employee can make without going through a new competitive process - promotion, transfer, reassignment, these are all advantages that provide a greater continuity for him once he has met the competitive standards on entry.

MR. MACY: Any other questions? No response. Thanks very

much for this opportunity. I appreciate it.

MR. DU FLON: The next portion of our presentation will concern an action program that will require a combination of administrative and legislative action. The legislative part is only involved in what they call in State Department the "short Bill" for a Wriston implementation. Carl Harr, who is Special Assistant to the Undersecretary for Administration, Charles Saltzman, will give this presentation, aided by Chris Petro, and after the State Department presentation we will get into the combination of administrative and legislative activity that exists, irrespective of system.

Carl, would you?

MR. HARR: Thank you.

Last June the Department of State undertook perhaps the most comprehensive program in its history for improving personnel. After taking office the President discovered there were a number of administrative deficiencies in the Department of State needing correction. Therefore, the Secretary of State appointed a Public Committee on Personnel to make recommendations for accomplishing the necessary administrative reforms. Specifically, why were these reforms needed? In March of 1954 the Foreign Service Officer Corps numbered 1,285, its lowest strength in the last five years. While the Secretary of State had under his supervision about 4,000 officers in positions which were directly concerned with foreign affairs, 1300 of these were employed under Civil Service regulations and were only available to serve in Washington; the remaining 2700 officers were available for world-wide assignment but they were divided into three distinct employment categories: the Foreign Service Officer Corps, the Foreign Service Reserve, and the Foreign Service Staff. Each had different recruitment, pay,

promotion and retirement systems. This situation inevitably caused inequities as well as some jealousy and occasional ill feeling. It further imposed serious restrictions on the free interchange of skills and experience between the domestic and foreign organization. Within the Civil Service system were found a far greater number of the specialists needed for the conduct of modern diplomatic relations than were found in the Foreign Service Officer Corps, yet these Civil Service officers seldom had the opportunity to serve abroad, which they did only on an individual, voluntary basis. Conversely, most Foreign Service officers were, in effect, in a position of exile abroad.

In March, when the Committee was convened, only 119 Foreign Service Officers were serving in Washington. In the Foreign Service Officer Corps generally, 51% had served less than one year in their own country. Of the remaining 49%, 14% had served from one to two years in the United States, 11% from two to three years, 15% from three to five years, 7% from five to ten years, and 2% over ten years. Of the 197 officers with more than 20 years' service, 45 had not served more than two years in the United States. This group included an officer with 29 years of service who had spent a total of only eight months on home duty. Two other officers, both with 31 years or more of service, had each had only two and a half years of such duty, and a Chief of Mission with 43 years of service had spent a total of only 13 months on assignment in the United States.

A system which keeps much of the Foreign Service continuously overseas, proved to be a serious mistake. Men exposed exclusively to foreign societies inevitably tend to lose touch with the circumstances and attitude that shape National policy at home. Their outlook, their ability to judge

the changing factors of National concern, and, finally, their sense of urgency on matters affecting the National interest, cannot escape being affected by continuous absence from their own country.

The Hoover Commission in 1949, and the Secretary of State's Advisory Committee on Personnel in 1950, had also recognized these deficiencies and had made specific recommendations for correcting them. However, the report of these groups did not result in any measurable action. The Public Committee recommended the following specific measures. First, it recommended that all officers performing similar foreign affairs duties be integrated into one personnel system, the Foreign Service Officer Corps. This would mean that about 1450 positions in the State Department, 1300 of which were occupied by Civil Service officers, the remaining 150 by Foreign Service Reserve officers and staff officers temporarily assigned to the Department, would be designated Foreign Service positions to be occupied only by Foreign Service Officers. In the field about 1260 positions occupied by staff and reserve officers would also be designated Foreign Service positions. The result would be a Foreign Service Officer Corps expanded to about 3900 positions. Excluded from this integration would be clerical and custodial positions, as well as those highly technical officer positions concerned with matters for which service abroad would not be a reasonable requirement. This latter group included positions in the Legal Advisor's Office, communications specialists, and the like.

Secondly, the Committee recommended that the recruitment methods of the Foreign Service be improved and broadened, utilizing, among other things, a Nation-wide system of competitive scholarships so as not only to provide a steady flow of officer material in the integrated service

but also improve the quality and geographic representation of applications for the Foreign Service Officer Corps. The existing Foreign Service Officer recruitment and examination system has proved time-consuming and increasingly defective. Also, the procedure has been too elaborate and too costly. It tends to produce a corps of officers which lacks adequate geographical representation, adequate reflection of the various individual backgrounds found in American life, and adequate diversity in the technical skills required in present day diplomacy. The meager intake of junior officers since 1946, and the total absence of any appointment since August, 1952, has kept the Corps at its present inadequate strength.

The Committee recommended the following steps: Action 1 - a stepped-up level of recruitment, with basic quotas set in accordance with population by states, with the provision that unfilled quotas could be shifted to other areas; Action 2 - the speeding up of the examination process to the point where candidates could be notified by the end of the academic year, in June, whether or not they had qualified for appointment. The new process would include a shorter, simpler, written examination. The oral and physical examinations would be given in many communities instead of just in Washington, as heretofore. Action 3 - a recruitment process based on closer relations with the colleges and universities. These objectives could be obtained within existing legislative authority, and the Committee recommended they be undertaken immediately. From the long-range point of view, however, the Foreign Service scholarship training program was deemed necessary. This plan would be patterned after the Navy's highly successful contract system for its Reserve Officer Training Corps. Under the supervision of the Foreign Service Institute, the scholarship program

would be administered through the states and territories. The Committee's idea was to enlist promising candidates in a two-year training program at the end of their sophomore year at college. Appointments and scholarships would be on the basis of competitive examinations given in the various states and territories. Successful candidates would be entitled to a Federal grant of \$900 annually to complete their education at an accredited college of their choice. Candidates would agree to complete their college course under the general guidance of the Foreign Service Institute and to serve in the Foreign Service for at least six years. The Foreign Service Act of 1946 authorized the establishment of a Foreign Service Institute. According to the House Report which accompanied the Bill, the Institute was to be for the State Department what the Naval War College, the Army War College and the National War College are for the Armed Services, an advanced training ground for officers destined for high command. The Report stated that the Director of the Institute should be an educational leader with distinction in his field, and the staff should include the best scholars that the universities of the country could furnish. The Committee found that little or no attention had been paid to this expression of the Congress. The Department had never developed a clear concept of the training requirements for the officers of the Service, just as it had never had a program of career planning and development. It had not supplied the Institute with the kind of Director or faculty that Congress had stipulated, and the Committee strongly recommended the purposes of Congress, as expressed in the Act of 1946, be fulfilled by giving the Institute a status equal to that of the war colleges, revising the curriculum, and appointing a faculty and director of first-class ability.

A fourth deficiency to which the Committee directed recommendations was in the area of personnel practice and career development. The Committee stated that the first requirement of personnel reform was the setting up of a long-range system for personnel planning and career development capable of generating, within the Service, the professional skills it would continue to need in the future. It said that such a system would require a clear definition of the various types of competence required both at home and abroad, something that does not now exist, as well as the continuous projection of officer needs. It said that an adequate career development plan should recognize that in every form of specialization of value to the Government there should be equal opportunities for advancement within all career situations, and that specialists should have confidence that while their careers would tend to center upon their specialties, they would be given an opportunity to broaden their experience into other fields.

The fifth area to which the Committee addressed recommendations was the Department's administrative structure and organization for personnel management. The Committee found that the most serious personnel problems stemmed from faulty organization, discontinuity of policy, and lack of vigorous management leadership. It concluded that the principal cause of the situation was a striking lack of continuity in the tenure of the Department's principal administrative officers. As can be seen on this chart, seven different Undersecretaries, Deputy Undersecretaries or Assistant Secretaries have been successively charged with the administrative responsibility of the Department since 1945. One officer, Mr. McCarthy, stayed in his position for less than two months. This is in striking contrast with the continuity represented by the tenure of Mr. Wilbur Carr, who, as

Assistant Secretary of State, was responsible for all the administrative operations of the Department between 1924 and 1937.

The Committee also believed that the Foreign Service Inspection Corps could not function properly in its present location in the Bureau of Inspection, Security and Consular Affairs, three levels removed from the Secretary and divorced from personnel management. Since its establishment in 1926 this Corps' work has been a vital element in the administration of the Foreign Service. It is charged with reporting on the overall effectiveness of our missions and consulates, and the effectiveness of its principal officers in coordinating and directing U.S. affairs in each country or district. It is also responsible for reporting on the adequacy and effectiveness of the different posts, and reporting deficiencies on the various posts. Finally, it advises the Department on the placement and career management of these personnel. The reports of the inspectors are sent for action to the area assistant secretaries, to the personnel and administrative offices, and to the Office of Security. The principal administrative officer and his immediate staff occupy the only logical position in the Department's organization for the following up of the various findings and recommendations submitted by the inspection. The Committee recommended that the Inspection Corps be placed under the direct control of this office.

Other organizational recommendations of the Committee included the following: Transfer of the Director General of the Foreign Service to the immediate staff of the principal Administrative Officer; establishment of a Personnel Planning Staff with responsibility for projecting future personnel requirements; establishment of accurate personnel statistics and inventories of approved positions and of the qualifications and location of personnel.

What has the Department done about the recommendations of the Public Committee? The Committee's report was submitted to the Secretary on May 18, 1954. On June 15th the Secretary announced he had approved the principal recommendations. Action was deferred on the recommendation regarding the Foreign Service Inspection Corps. One piece of legislation was required immediately to launch the program of transfer of present Civil Service staff and reserve officers to the Foreign Service Officer Corps. The Foreign Service Act of 1946 required that officers appointed as Foreign Service Officers must be assigned salaries at the minimum rate provided for the class to which they were appointed. This requirement would have forced many officers to take a reduction in salary of as much as \$1600. The Committee and the Department considered that this was an unreasonable sacrifice to ask of an officer, to make himself available for world-wide service and take a salary cut. In August the Congress approved an amendment to the Foreign Service Act authorizing appointment of 500 officers at rates other than the minimum of the class. This legislation permitted the Department to proceed with the program. Congress deferred action on permanent authorization until it had had an opportunity to review carefully the program proposed by the Department, and this would not come until the beginning of the 84th Congress. Examining panels were to be established by the Department, and as of today they are processing officers at the rate of 110 a week. Through November 26th the records of 890 candidates for lateral entry had been reviewed by the panels. Of these 890 candidates, 501 have had their oral interview, and of these, 219 have received their physical examination. A total of 161 officers have so far been certified for appointment, and 152 of these were confirmed by the Senate in its

recent extraordinary session. Of the total number of candidates whose records have been examined and who have been interviewed, 205 have been rejected, but of this number 181 were rejected because of over age, 9 others because of physical disability, and 15 for lack of qualification or for personality or suitability factors of a serious nature. 94 officers refused appointment, and another 60 have deferred decision. Present goals call for the appointment, as Foreign Service Officers, of 800 present Civil Service and staff officers by the middle of February, 1955. The panels expect to complete the examination and transfer of all officers engaged in foreign affairs duties to the Foreign Service Officer Corps by the middle of next summer.

With respect to improving and broadening recruitment methods, the Department has taken the following action. Recruitment quotas established in accordance with population by states are being developed and will govern the selection of FS0-6, the lowest class in the 1955 examination process. In collaboration with the Educational Testing Service, the Department is developing a one-day written examination process to replace the 3½-day written examination. The revised examination is designed for grading by machine methods and will greatly accelerate the examining procedure. A program for providing for closer contacts with colleges and universities has been launched. Legislation to authorize the proposed scholarship training program has been drafted and will be submitted to the Bureau of the Budget shortly.

With respect to improving the training program, the following actions have been taken. The Staff of the Foreign Service Institute has been augmented by the addition of a number of able officers of the

Department and the Foreign Service. The language and area training program has been expanded beginning with Fiscal Year 1956. At least 64 officers a year will be given specialized language and area training. A field training center on Chinese is being set up on Formosa and a plan is being developed for two more in Southeast Asia. Funds were included in the Department's 1956 appropriation request which would permit the expansion of the training of the Department approximately 100% above the current year's level. The Department has been actively seeking an outstanding individual to be appointed as Director of the Foreign Service Institute, and we hope to be able to announce his appointment shortly. Adequate training is a cornerstone of career service. The Department has been studying the best practices of industry to determine what can be adapted from business experience for the improvement of executive development within the Foreign Service Officer Corps.

In the area of improvement to the administrative structure and organization for personnel management, the following actions have been taken. On December 2nd the President announced that Loy W. Henderson, United States Ambassador to Iran, had been named as Deputy Undersecretary of State for Administration. The Department will shortly establish, as a part of the Office of the Undersecretary for Administration, a Review and Evaluations Staff. To this Staff will be transferred the responsibilities of the Foreign Service Inspection Corps. The Director General of the Foreign Service has been transferred to the Staff of the Undersecretary for Administration, and after December 31 of this year will continue as a staff officer to the Deputy Undersecretary for Administration. A Personnel Planning Staff has been established in the Office of Personnel,

and while its members are for the moment engaged in a priority task of carrying out the Secretary's directives under the integration program, it will eventually function as a permanent planning unit. Action has begun on the establishment of a statistical and personnel inventory unit, and target dates have been established for the installation of mechanical, technical and consultative aids.

What remains to be done? Substantial progress has been made in carrying out the Committee's recommendations in those areas authorized by existing legislation. This work has proceeded according to schedule and should continue to completion without serious difficulty. However, on many of the Public Committee's recommendations legislative action is required. To this end, amendments to the Foreign Service Act of 1946 have been compiled in a Bill to be presented to the first session of the 84th Congress. These amendments include: elimination of the requirement that a lateral entrant receive the minimum salary of the class to which he has been appointed, and permit him to receive basic salary at any rate within that class; extension of the eligibility for lateral entry to persons having prior service in any government agency and eliminating the requirement of government service immediately prior to lateral entry; authority for paying salary differentials for service at hardship posts to Foreign Service officers and reserve officers; authority permitting the Secretary to extend the 4-year period for which an employee of the Foreign Service may be assigned in the United States; and extension of the selection-out provisions of the Act to include Foreign Service officers of Class 1.

The draft Bill contains a number of other provisions. Some of these are not a direct result of the Committee's recommendations but are

just as essential for good administration. Passage of the proposed legislation is necessary to the carrying out of the Secretary's program. Some of it must be acquired immediately if the established momentum is not to be lost. Specifically, prior to March, 1955, we must acquire enabling legislation to permit us to continue our program of integration, for on that date our present authorization expires. In order to assure acquisition of this vital legislation we must, of course, have the complete support and endorsement of the Administration. The necessary legislation for the carrying out of the program, too, will require the fullest support of the Administration.

As stated earlier in this presentation, in addition to the Bill amending the Foreign Service Act of 1946, the Department will also seek legislation authorizing the establishment of a Foreign Service scholarship training program. This program is one of the basic recommendations of the Public Committee. Like some of the other legislation, it will require money. During the past few weeks the Department has presented its budget to the Bureau of the Budget for approval and has received approval from the Bureau which permits it to ask for all of the funds necessary for its program. It is probably there that the support of the Administration will be most needed in our request. Since the rewards of the program are so great and urgent, and the cost is so small, it would be disastrous, indeed, if we would have to curtail our program or fail to receive adequate appropriations from Congress.

I think that is the bulk of our presentation that is going to be made to the Committee. We have reached about the end of our first phase of the launching of this program. Mr. Saltzman is leaving his job

on January 1 and it will be taken over by Loy Henderson. That has always been contemplated as the permanent head of Administration of the Department. Then it will proceed into its second phase, which will be the carrying out of those activities that have started, looking forward to a two or three-year period to complete the program and other administrative reforms.

MR. DU FLON: Thanks, Carl.

We will try to get to the questions relative to the State Department's program here in strengthening and expanding their Foreign Service after we go through some of the other charts.

Listening to our presentation as an observer, I wonder whether we have touched base on all the terminology that perhaps we should have prior to the meeting. I know in our own instance, for example, we use the word "territories" to include Panama Canal, trust territories, and a lot of designated areas that really don't fall in that category. The same in the Foreign Service. We are making the assumption that you know what the Foreign Service Reserve and staff categories are.

Before I go on I might say that we have been working with the Wriston group in State Department, but, of course, they were not part of our program as such. We have other problems that arise in the foreign affairs field, as indicated in an earlier chart. U.S. Information Agency has the problem of most of their top personnel serving in what is called the Foreign Service Reserve category, which is not a true career group in that there is a time limitation on how long they can serve in their jobs. Now most of their top people have already run out of the time which they are permitted, and they have been extended by appropriation language.

Their effort in this coming Congress will be to change the name, or really not change the name but add a category for their agency which would be called "Foreign Service Information Officer", which would give to them the career opportunities that exist within State Department for Foreign Service officers. This raises the question, of course, whether or not it is desirable to have individual foreign services. We have tried to face that problem in two ways. One is, as most of you know, we have had a project which was designed at drafting a Foreign Affairs Service which would somehow take care of all personnel in the three foreign affairs agencies, State Department, FOA and USIA. I think we will have our system devised relative to that. However, we feel that it should not be presented at this session for action because if we do so it would interfere, I believe, with the integration of the Wriston recommendations, and I don't think that there has been anything in State Department more important, probably, to their progress, than these Wriston recommendations, and the fact that they go forward. The drawback being, of course, that this doesn't solve the problem for other agencies in the foreign affairs field, and we are not even sure it will solve the problem long-term in the Department of State, but certainly that is something for long-term consideration.

The rest of our presentation here concerns itself with various projects which will lead to administrative or legislative action in this session or in the following months. The first one is housing, which will call for no legislative action but merely administrative action. This is a terrible chart, due to the number of words on it. I realize that, and we are going to re-do it. When Mr. Dulles spoke of the educational aspect of overseas personnel management, I thought if he was going to single one

thing out it would be housing, because housing is normally referred to as the biggest single morale problem overseas, and it is certainly a problem that every agency that has overseas personnel gets into. Either they have a housing problem that is peculiar to their own particular set-up or the inequities that are apparent in the housing situation within a geographical area are presenting problems. Of course, here is an area where we get right into the uniform personnel and the relationships of how they handle their people, and you can't subdivide the problem into civilian and uniform. I think we can come up with, and we have in draft form now, a very complete housing program which, as I say, will depend very largely on administrative action. We will have, for your comments, a draft on housing, probably in a couple of weeks.

Q. May I ask, will this be an Executive Order or draft Executive Order?

A. It will be in the nature of a report, including recommendations to go forward to the President and the actual action papers that will result from recommendations accepted, might be part of it.

MR. DU FLON: Now this chart concerns retirement for U.S. citizen-civilians overseas.

Q. You mean by that accelerated retirement?

A. Yes.

MR. DU FLON: I might point out here that we have these three different retirement systems, as you know, the Civil Service retirement, Foreign Service, and Social Security, which covers those people who are in the excepted positions of the Civil Service overseas. In our working

together with State Department on the Wriston recommendations, we took certain exception to their conclusions, although, of course, their conclusions are going forward. One area was retirement, where we felt that the retirement system should be more in alignment with the total government concept of what retirement should be for. Now I believe - wasn't it, Carl? - the only Wriston recommendation on this was that those people entering the Foreign Service through this expansion and strengthening process should be permitted whatever the terms of the retirement system that applied to Foreign Service officers. The same is true of U.S. Information Agency, and, I would assume, perhaps CIA, in certain instances here, that it's not so much what it is but that all people who serve under like conditions of employment somehow are eligible for the same advantages. As you know, the Elliott Kaplan Committee or the Committee on Federal Retirement submitted about a foot of recommendations for consideration of the coming session of Congress. The Kaplan recommendations are being processed - is that the proper word? - now, over at the Retirement Division of the Civil Service Commission, and I believe they require somewhere between 60 and 90 days more before they would have the Kaplan recommendations in appropriate form for consideration of the Congress. Now, because it is a Federal, government-wide consideration that Kaplan made, it goes into such things, for example, as uniform personnel. This is one of the first studies ever made, as far as I know, on personnel in government which cuts across civilian and uniform, and one area which they kept out of, due to the shortage of staff and time, I am told, and not money - I'm told they had the money but time and staff ran out - was the overseas. This seemed to be rather tangent to their problem, and so they decided

against it. What we did is ask HEW to send us a staff man who had been serving with the Kaplan group and who was knowledgeable in this area, and put him on a project that we established. Then we hired another Kaplan staff man and the Civil Service Commission picked up his pay check, and together they went forward in the same manner that Kaplan had been approaching all of retirement, and had come up with recommendations that we have now in their tentative and first draft form sent forward to the Retirement Division of the Civil Service Commission for the same processing that all other Kaplan recommendations would get. We have asked now what the next step would be. We have had informal discussions with State Department, Defense, and so on, but we haven't had any real clearance of our conclusions and we are awaiting that as probably the next step. We will duplicate the retirement proposals not only for U.S. citizens but also for aliens and Panama Canal aliens which we are treating differently. So, once again, in the next few weeks we will come to you for your comments. As you can see, one of our provisions is to extend the overseas incentive concept in the retirement picture.

We have a situation in Panama, as you know, where the Treaty of 1946 is currently being revised. The assessor note to the 1946 Treaty was the one that contained the statements relative to equality of treatment. The President of Panama came up here earlier this year and met with the President. The President feels he committed himself in certain ways relative to this same equality of treatment, and we have a problem.

Well, I'm getting ahead of myself here on the chart. This calls for equal treatment with the U.S. The problem is: What is equal treatment? The Treaty revision has not been announced in its final form. There are

many elements to this, some 27 or 28, I believe, in all. Only certain ones of them pertain to personnel. I went down with [Jim McGowan] of the Civil Service Commission to Panama last July. We stayed there for two months, and I'm willing to admit, after being down there, that they have a unique situation, something I was rather skeptical about before I left. It seemed to me they were claiming inequity on too much. But they do have all sorts of problems. But the Treaty obligation and the peculiar situation there between the U.S. and the Republic of Panama does call for special treatment, and we don't think that Panamanians can be treated as aliens in general. This chart shows the action on Panamanians. If we were merely to apply the current Civil Service retirement to Panamanians, if that were an interpretation of equal treatment, you would find a situation in many instances where the retirement benefits would be greater than base pay. And obviously, if working that back, this is not equal treatment with a U.S. citizen, this is giving an uncalled for and unforeseen advantage to the Panamanian as far as retirement is concerned. There's an awful lot on this matter of treaty interpretation.

Now, this chart covers retirement plans for aliens in general, and in this instance this comes about because there are some areas where we have aliens working for as little as 75 cents a day, and obviously where you have a fixed unit in there of \$25 in your formula, once again you would have a very disproportionate treatment of aliens insofar as retirement was concerned.

If the Kaplan Committee recommendations go through this session and our recommendations are included with them, this will be the only legislative action, with regard to aliens, that we will seek in this session.

We will seek administrative action, and if it appears that we can do so, perhaps later in the session we will try to bring out some of the alien problems that are discussed in another chart.

Our inability to participate in local systems is the cause of a great deal of misunderstanding and difficulty, as you well know. The degree to which participation somehow interferes with sovereignty, is a point under debate. Our belief is that it is more a matter of getting necessary legal authority to do so.

[CHART: Project - Overseas health and medical services.
Problem - Government places persons in overseas environment where health conditions and medical services are relatively poor. Foreign Service personnel get free hospitalization. Defense employees get hospitalization at \$5 daily when military facilities are available.]

Q. Our medical department had some questions about the Bill.

A. We had, as of today, 63 pages in the new draft. Maybe some of your questions will be answered, I don't know. Mr. Brown, here, has been head of that medical project, so he would be glad to answer questions.

Q. This Foreign Service personnel includes only the employee, not the dependents?

A. That is true. That is the current situation.

[CHART: Proposed solution - For employees and dependents rigid pre-departure physical examinations, medical transportation, immunization, full hospital and medical care or partial insurance plan. Treatment at Government O/S facilities.]

MR. DU FLON: We have had a merry-go-round on the question of to what extent does the government pay? We have almost concluded that it would be cheaper for the government to pay for it and give such medical assistance as they are able to give, rather than to have a plan whereby

somewhat the government agrees to something it cannot actually fulfill in the field. The other part of that argument, of course, is that as soon as you start making it free you run into arguments of socialized medicine, which we are not unaware of; in fact, we are so afraid of the term that we elaborate at length on that. We will have both legislative and administrative action on health and medical.

CHART: Action - Submit legislation this session. Benefits - Government accepts responsibility for care of persons it places in foreign environments. It's most important investment. Overseas medical care program enables us to recruit desirable overseas representatives.]

MR. DU FLON: Alien personnel management. This is a tremendous field and we are only putting up here a suggested chart. As I say, our current legislative action would be concerned with retirement and not with these other aspects.

CHART: Project - Alien personnel management. Problem - Federal employment revisions and requirements unworkable when applied to aliens.]

MR. DU FLON: On the assumption that you use the steam shovel before the teaspoon in trying to make improvements, I think we are going to try to get in, after the first of the year, more into this alien personnel management picture than any other area for concern.

CHART: Proposed solution - Provide authority to cover alien employees under laws of host country. Administer them in accordance with local custom. Action - Propose legislation and administrative action as necessary. Benefits - Permit development affecting alien personnel management system.]

MR. DU FLON: We have two types of problem, of course, those

that relate to the management of aliens who are direct hires, career employees, many of them, and then the indirect hire are this contract group that is about 400,000, and the security and financial controls necessary to utilize them.

Now we get into two items: home leaves and allowances, and differentials. That went forward into the last Congress for action.

CHART: Problem - Employees serving under the Foreign Service Act accrue home leave in addition to regular leave.

Q. Are you going to take the same language again?

A. As a matter of fact, we have on our desk for signature a letter to the Bureau of the Budget saying, "Please circularize once more our suggestions on home leave and allowances, asking for comments or additions or changes in attitude since last sent through" - with this joker, that the return date is December 26th, or something like that. I think it is so worded that if we don't hear from you we will assume you are in agreement with it. But a year ago we did have agreement on both of these Bills, I believe on home leave from everybody and on allowances everybody but the Panama Canal Company. We know ourselves of two or three minor things that we would change. We didn't strike out on these two items, we just never got to bat. Actually, Congressman Corbett, who was sponsoring both, came up with a Federal pay plan under his name, and that so concerned him in the final weeks of the session, as you know, that Federal pay put this in the background. He won't be the sponsor this year, as far as I know. We are hopeful, however, of getting it up there the first or second week that Congress is in session. As a matter of fact, we have

three visual presentations already up in the Committee's staff room. So I hope you don't change the Bill too much when it comes over here. But we would hope, on both of these items, to get fast action. Of course, working in Washington I didn't realize what news this was to some people. In July down in the Panama Canal Company it was headline news when this travel and transportation Bill went through - literally about a 2-inch headline. It was the one or two places I could have been at the time to really feel that what I was doing was at all worthwhile.

MR. DU FLON: This chart relates to home leave. This is probably our worst visual, but we are aware of it and will correct it.

/CHART: Project allowances and differentials. Problem - three major systems of allowances are now applicable to American citizen civilian personnel overseas. Proposed solution - Bill introduced last session will be re-submitted to Congress. Benefits - Codify numerous separate statutes./

MR. DU FLON: We didn't have any real discussion on these. In fact, the two changes made by the Staff of the Committee concerning them were to liberalize our language. We anticipated a struggle on this 25% ceiling on cost of living in territories, and there was some question initially as to whether the Congress wouldn't lose control if they took off this 25%. We pointed out that there is no ceiling in foreign areas and that there are recognized techniques for measuring the cost of living, and you had this control over it, which was far better than just an arbitrary 25%. That seemed to satisfy them. I think we are going to get into a little trouble, perhaps, in the Panama Canal where they have this 25% tropical differential, and then, in addition to the inconsistency of

that with other allowances. The consulting firm of Booz, Allen and Hamilton went down there and within a frame of reference that was peculiar, of course, to the Panama Canal Company, they came up with a report very pleasing to the employees down there and that was that they weren't getting paid enough and the differential should be supported. Well, I think from the standpoint of what the employee gets down there in total benefits, they have a point, but it's true of government employees almost anywhere. It's hard to take a position that they are overpaid. I think every one in this room would agree to that. But the question is, does it bear any consistency or is there inequity in the picture? It's loaded with inequities. At the same time, there are a lot of defenders of the Booz, Allen and Hamilton report, and I think we will be in the field of saying we don't think so. As a matter of fact, I used to work for them.

Well, I wanted to get through some of those charts, because we estimated our presentation would take an hour and a half, and I think it has taken just about that. I think, to go back and do this thing in proper sequence, perhaps, Carl, if you would make yourself available, and Chris, for any questions that might arise relative to the State Department's strengthening and expansion of their Foreign Service, perhaps we could take that up first.

Q. I have one major question. On your grouping of the three different groups, I believe, for the purpose of foreign affairs, you had approximately 1300 persons in Civil Service unavailable for foreign areas. I wonder if you could explain that a little?

A. That was one of the basic changes in personnel administration recommended by the Wriston Committee. The Committee, when it looked

into the problem, estimated there were approximately 1300 or 1400 people in the Civil Service working in Washington who were doing foreign affairs work of a kind duplicated by Foreign Service officers and yet they were not available for overseas assignment, at the wish of the Secretary of State; and frequently that would mean there would be people very well qualified or perhaps uniquely qualified for a particular job overseas who could not be sent overseas because their terms of hire were only for domestic employment.

Q. That was based on the fact that they were just normal, competitive, Civil Service appointments, then?

A. That is right. They undertook no obligation to serve overseas. The basis of the integration is partly that, to make available to the Secretary of State all the skills at his command anywhere he wants to use them, and partly to give some of these departmental people a taste of overseas operation in the areas in which they are supposed to be experts; and, conversely, bring home Foreign Service officers to see what their own countries are like.

Q. Is this so-called "unavailability" for foreign service because of unwillingness on the part of the employees or because you did not have positions overseas to which they could be transferred?

A. Unwillingness coupled with no commitment to serve overseas. In other words, any Civil Service employee in the Department who is willing to serve overseas could be appointed in the Foreign Service Reserve and placed overseas. Now there are minor complications connected with that. There are some jobs in Foreign Service overseas which no other Foreign Service officers are presently permitted to discharge.

But basically it was a question of somebody who wanted to work out his career in Washington who was needed overseas.

- Q. And you couldn't make them go if they didn't want to go.
- Q. But under your proposed system they will--
- A. They will be Foreign Service officers. Although it's the same job they have been working on for ten years, it will be one more Foreign Service post. They must go anywhere. They can only serve here four years and then must serve overseas.
- Q. Or else?
- A. Like any other Foreign Service officer.
- Q. Then you do plan to separate him if he does not take an overseas assignment?
- A. Yes. It's the same as an officer who is to be sent to one post and he says he won't go - there are two provisions: one to go and one not to stay in Foreign Service.
- Q. Does he have a choice of only one post?
- A. Oh, yes.
- Q. He doesn't have a chance to refuse one, two or three?
- A. He can indicate a preference once a year, but it doesn't mean anyone is going to act on his preference. They do take it into consideration.
- Q. But you indicated the ceiling of four years on the length of time you could serve in the United States, was to be lifted.
- A. The present ceiling now, under the Foreign Service Act, is four years of duty here. The rotation scheme that will be established in terms of the size of the whole Foreign Service Officer Corps will indicate that men will serve approximately six years abroad and

approximately four years in the states. That reflects the different size or complement abroad and here. There will be many exceptions to that. One of the problems of integration has been with many people claiming personal hardship or their own specialty. It would be inequitable to enforce that rule stringently. So there will be waivers and extensions.

Q. What do you do with the individual who is coming up for consideration for lateral entry whose career outside of the Foreign Service has been so specialized that there is no comparable job at that level overseas in the Foreign Service?

A. That problem is faced at the initial stage, which was the designation in the Department of those that were to become Foreign Service positions. We tried to avoid calling any position a Foreign Service position which involved that kind of a job. In other words, the people were brought in on the basis if there was an available duty abroad comparable to it here.

Q. Under this system or your present system do you have anyone serving in a departmental position because of inability to pass the physical examination for overseas service?

A. I can answer that by saying we have people who are now departmental employees who are being considered for integration and were rejected on physical grounds who will remain departmental employees. In other words, the standards are not quite so high for the service here.

Q. But he doesn't become a Foreign Service officer?

Q. Then you have three categories, the Foreign Service officers, the

category you just talked about now, and a moment ago you spoke of specialists. You mentioned communications people.

A. Yes and legal people.

Q. They will be overseas?

A. They will be left out. There are some 2400 positions in the State Department and only 1450 have been designated as Foreign Service positions.

Q. And in communications a regional telegrapher--

A. There is a Foreign Service Staff, too. Large parts of it are coming into the Foreign Service Officer Corps, both at home and abroad.

Q. I was thinking of people like code clerks.

A. The integration program just affects people FS-10 and above. So there will continue to be a Foreign Service Staff Corps to take care of the lower ranks and certain specialists in the field who wouldn't be required to come back to Washington ever.

Q. On the chart that you had on the physical examination part of the processing, do I understand the chart right that the 219 were rejected on physicals?

A. Of the 501 who have been interviewed so far, 219 have taken the physical. Of that number only nine failed to pass it. It hasn't been possible yet to give all of the 501 interviews. It takes more time to process the physicals than interviews.

Q. Carl, I think "rejected" is the wrong word on that chart. They were not eligible due to age. I wonder if you couldn't change that word?

A. They are rejected in the sense that they are rejected by the panel

which goes through their files.

Q. Not for physical reasons, though.

A. The panel goes through their files and they are rejected at the outset because they are over age for the class.

Q. Couldn't you make that a less alarming figure?

A. We bring it out in the text but it probably isn't clear enough.

This is the processing going on today. These 890 people who have been examined will all be disposed of one way or another.

Q. What is your age limit?

A. 53 is the maximum age for entry into the Foreign Service Officer Corps now. 60 being the maximum retirement age, Congress has said no one will come in and get the windfalls of officer retirement unless they have served five years overseas as an officer. So in order to give us 5 years' turn-around time we say they can't come in over 53 and find them an assignment and let them serve five years overseas. We had to give that commitment to Congress in order to allow us to bring this in.

Q. What happens to the rejected?

A. Well, in the first place I'm sure you do, but in case you don't, I'll try to point up the inevitable problems that arise with a body of 1400 people of all sizes and shapes, physical conditions and frames of reference. An awful lot of them don't fit and a lot of them don't come in. A lot of women who are married don't want to come in. A lot of others are not considered suitable, for one reason or another - they're over age or physically disqualified, or their records don't warrant their being brought in. In order to make this as painless as

possible and not disrupt the work of the State Department, and working over a two to three-year plan, we will keep these people in their present jobs until other work can be found for them and a suitable replacement found for them to take over their position. In other words, nobody is getting fired for not accepting Foreign Service duty.

- Q. When you say "other work" do you mean outside of the State Department?
- A. No, not necessarily. There are other positions in the State Department under Civil Service that are not Foreign Service positions. The big problem there is with persons of 53 years of age or older, many of whom are top officers of the Department. Many will either stay on their present jobs or suitable jobs until they are retired. That has been a big problem, because morale-wise an awful lot of people were given a choice of voluntarily coming into the Foreign Service Officer Corps or losing their jobs.
- Q. In connection with your recruitment problem, aren't you going to get more than you can absorb?
- A. No. The record has been awful for the period of the last few years. There was a period when nobody came in. Recruitment was suspended entirely during the war, and after the war almost nobody came in for a period. In the FSO-6 class the bottom of the ladder is small. Of course, it should be the largest class because that is the probationary class. And the Corps as a whole will suffer some attrition in the course of this expansion. In other words, the Corps is going to be trebled in the number of positions. Well, we aren't going to have enough people to fill those positions so we are going to have to get new blood coming up the line in large quantities to fill Foreign

Service Officer positions that will not be filled by this integration.

Q. Does this proposed apportionment system apply only to the new students that you are bringing in? You know what I mean by the apportionment system? Under the old Civil Service you have geographical quotas. That applies only to the new ones coming in, or will that go back and pick up the legal residents?

A. No, it starts as of now.

Q. In connection with your draft Bill, I think one of the difficulties was the phrase that if they were above a 6 they had to demonstrate loyalty to the Government of the United States. Is that in present legislation?

A. Yes. That is just a borrowed phrase.

Q. How do you propose to handle the draft status of those young students?

A. We can't get draft deferment. They will take their two years between the end of their college and the time they come aboard.

Q. But as I understood this, they have a scholarship and you have been nursing them along for two or three years in school, and then you are going to let them go to the military and then back to you?

A. Yes. The alternative would be to take a break in service, which would be much more difficult.

Q. In other words, you will say, "You have to have your military service over with before we give you a firm appointment"? And it's obvious they would be physically fit or they won't become an FSO-6.

Q. What happens if they do two years and then they get called up again?

Q. It's a big problem, and that is why I brought it up, because you have a group of young men. And once you have spent a lot of money

on that young man, as far as his education is concerned, you are going to lose him right then and there.

- A. We're going to lose him anyway. These students get no benefits in taking the examinations. In other words, we put in the money merely to induce people we want in the various colleges to come in, and when they take the examinations they will be competing on an equal basis and some will not pass.
- Q. Is there any maximum age limit in which you will take a junior in?
- A. Any college junior.
- Q. A junior FSO?
- A. 30 for the 6.

MR. DU FLON: I might add this is one provision of the Wriston recommendations that we do not support. As you know, Carl, we said in our reply to the Secretary of State's letter to us, we said, "We are enthused, with the exception of the scholarship program" - that was one of them. I am inclined to think it faces rather rough treatment on the Hill, although you may be way ahead of me as to what has been planned on that.

- Q. It would appear to me, and that was why I was asking about the maximum age at which he can enter the 6 level, that by the time he gets through his scholarship program and discharges his military obligation, he is going to be beyond his age limit.
- A. Not at 30. Take my own case. I went through college and through the Army and was still under the class age when I came in. 30 would give plenty of time.

- Q. The problem is much greater outside the service than in it.
- A. A lot of them are not going to graduate from school in addition to their two years' military service. That is one place that the military and Naval appointments have it over us. We are patterning this somewhat on the Naval pattern with contract students, but of course they only take the two years' service.
- Q. On your chart on the new legislative requirements there is one thing that puts across, as far as I'm concerned, the wrong connotation on pay. Hardship differentials on foreign service personnel is what you are talking about, but I get the post out of it, rather than the personnel. The Foreign Service post is what I think of when I look at that.
- A. For all posts rather than all personnel. It might be worth seeing if we can clear that one up.

MR. DU FLON: The point being made there is that currently the Foreign Service officers in reserve categories are not eligible for hardship differentials, only the staff. Isn't that correct, Carl?

A. That is right.

MR. DU FLON: And this ties in with the retirement benefits whereby they have picked up units of benefit at a faster rate at a hardship post, and they will no longer be eligible for that.

- Q. You are going to take this to Foreign Affairs rather than what?
- A. Rather than what we made a mistake in doing last time.
- Q. Rather than Civil Service?
- A. Yes.

MR. DU FLON: Any more questions relative to State Department's program?

Q. I have one that sort of touches on both. We just got from the Bureau of the Budget some of the draft proposals on the State Department thing, and we detected some differences in certain of the provisions; and in your discussions today there seemed to be some evidence that you were approaching the foreign affairs problem differently from the defense problem, shall we say? It was previously my understanding there was to be a general approach to try to get certainly the more minor types of allowances in standard form, such as educational allowances, and so on.

MR. DU FLON: That is our effort. We feel this, that there are in both systems - for example, in the Foreign Service system of State - a need for strengthening. The Wriston Committee, of course, was brought in and made recommendations on that basis. The Civil Service had never been extended overseas, although they always had the authority to do so. One of the interruptions in the program to extend it was, of course, the Korean war. You had an odd thing in Panama, for example, where the Navy in Panama is covered by the competitive Civil Service but not the Army and Air Force, and the only reason is they got to that point and the Korean war hit and all action stopped. Well, in addition to efforts to strengthen the systems themselves, our major program is aimed at trying to reduce inequities and to strengthen areas, irrespective of system, across the board. That is why we are in the areas, for example, of retirement, hope to be in base pay, allowances, travel and transportation.

And I would hope that eventually, to the degree that we are successful in our efforts in these areas, we would go into health, medical, and other, and that it wouldn't make much difference what system you are in from the standpoint of your treatment as an individual, so that your career opportunity possibly would bring with it the same benefits irrespective of whether you were in Civil Service or Foreign Service, you certainly would be treated as well in one as in another, and where you were serving under like conditions you would be treated the same way. So our emphasis actually is aimed at trying to bring equality treatment between Defense, for example, and other people in Civil Service, and people in the Foreign Service.

Q. Let's be specific, then. In the case, for example, of educational allowances, that is an item in the State Department Bill. Your people, in your capacity, support their Bill?

MR. DU FLON: They take their educational allowance language out of our proposed Bill. In fact, the Bureau of the Budget was somewhat upset, on this ground: When State Department came up, and when USIA, and perhaps from CIA - I don't know, I won't go that far because I am not up on those hearings, but the question arose: If you are going out after legislation that will be across-the-board, say in allowances, for all civilians in government, isn't it a bad thing to have different agencies come up independently, and not only will that diffuse the effort so that you won't get all the agencies showing the same support for the Bill, but, of necessity, these Bills will go to different committees and perhaps arouse antagonisms between committees. Well, we debated that back and

forth. I think you can argue either way. Certainly one of the best things we have as a lever in trying to get desirable legislation right now is the fact that State Department in the Foreign Service Act already has something like this home leave. Therefore, what we are trying to do is to extend to other agencies the benefits now enjoyed by people in the Foreign Service. So here, while it is an inequity while it exists, saying certain people in Foreign Service get better treatment, we are in a better position. This was not an orderly approach or reasoning to the Bureau of the Budget, and I can understand how they feel about it. We said, "Now if we are in agreement with the content of what the agency is after, and to the degree we are going after it, if it is identical in language, would you object?" We said, "Those are the conditions under which we would be for agencies going up by themselves." And theoretically, in this education business, in allowances and health, and so on, where Wriston recommendations come up they are identical with ours, and where that is not so I am sure it is an oversight.

If it is true, now, that if the Foreign Affairs Committee, for example, passes the State Department's amendments to the Foreign Service Act, but due to the lack of priority in a committee where we might take the general Act, we are already committed to the U.S. Civil Service and the Post Office Committee. Well, if we are number 4 on their list, despite the fact that we go up early with our stuff, and there is a possibility we might not go through, then we are justified in saying, "Well, are we holding up State Department if we block them but can't get ours through?" So we have adopted the attitude and told the Bureau of the Budget that as long as the proposals are identical we are for them coming up in

separate Bills.

Q. One other question. Did I understand you to say, in connection with the retirement approach, you were going after one system? Would that go so far as to change the existing Foreign Service system?

MR. DU FLON: Yes, it would. We feel, and State Department really feels - and when I say State Department you have to define that, but State Department had, in 1951, what they considered a revision based on their experience and criticism of the existing Act of what they thought would be a more desirable, long-term retirement system. Certainly all of the Kaplan proposals are aimed at bringing about a greater uniformity in the retirement benefits to Federal employees. Kaplan has expressed himself in general terms on this. We get more specific. We don't think, necessarily, that our revision will do anything but long-term improve the situation of the Foreign Service officer through connecting, in certain ways, Social Security and so on, for example with retirement. However, there is no doubt that we would change it. One of our concerns at the close of the last session was that with the individuals laterally entering under the Wriston program into the Foreign Service, to the degree that the retirement system as it exists was the main incentive for their transferring, then we were changing the terms of the contract, in effect, or was there moral obligation here not to go after a change in retirement? There was that possibility in addition to the windfall possibilities, which, of course, everybody in State Department for months has been trying to avoid through administrative action in anticipation of what would happen. But State Department themselves, I believe -

Carl Strong, for example, who has been, through the years, their most knowledgeable fellow in the retirement field, came up almost with the identical conclusions we did relative to what changes might be incorporated.

Q. You are going to stay away from accelerated retirement? That theory seems to be going out of the picture.

Q. What do you mean by accelerated retirement?

A. The year and a half credit.

A. Yes, we are getting away from that.

MR. DU FLON: I tried to prepare a little better on this particular point in finding out exactly what was in their current Bill. So far they have sent nothing forward to the Bureau of the Budget on retirement.

Q. Are you tending toward increasing the annuity?

A. Increase the annuity for periods of ten years overseas where you no longer have the overseas accrual.

Q. You say you have a revision of your draft which is more detailed?

A. The draft itself is not revised but we have a full report to go with the draft Bill.

MR. DU FLON: The draft you had probably was a summary of conclusions.

A. No, we gave him a draft of the Bill we prepared. We have just a few minor revisions in the content of the Bill, but we do have a report which gives our intent, at least.

MR. DU FLON: And amplifies the alternatives.

Q. Then the best thing, from our viewpoint, would be to wait until that

descriptive matter with the Bill comes out?

- A. Yes. I think it's purely a mechanical problem now, but the report will probably be out by Thursday.
- Q. Is the new home leave a truly home leave in addition to annual leave and not just home leave travel expenses?

MR. DU FLON: No. To enable employees to not only take time off from their job in the overseas area which would serve the purposes of leave, relaxation, and so on, but also to enable them to accumulate enough leave to come home for re-Americanization. As you know, many employees can only be abroad if they occasionally come back to see their parents, and all of the other personal considerations. So the attempt there is to have them accumulate enough leave to warrant the trip and the time and the expense. Now, most government employees - I don't know what the actual figures are, but a great percentage of the employees, I believe --is this correct, John?-- who serve overseas with the Department of Defense, for example, are not eligible to accumulate annual leave except at the lowest rate. That is because of this same problem where you couldn't offer career assignments overseas in the Civil Service so you didn't get the people who were in a position to accumulate annual leave at a faster rate, and most of the recruitment has been outside of government, with the result they never accumulate enough to actually come home.

- Q. You are still tying it to the normal accumulation of leave, extending the amount?
- A. No. In the Foreign Service it's based on one week for every 4 months' service.

Q. Would this apply even though you transferred to another job?

A. No. It's only applicable in foreign areas. We are trying to put administrative controls on the abuse of this thing but keep it as flexible as possible in the statute itself. We are aware of the possibility of a fellow on the Virgin Islands, for example, coming home to play and to relax, and all of the Congressional problems you could run into on that one. So our thought on that was that all would be eligible but might accumulate at the rate of "no days per year" in certain areas.

Q. I meant if you had a tour of duty overseas and then rotated to a tour here.

A. He would lose the home leave. If he came back here on a permanent transfer I think he would lose the home leave. Between assignments is the intent.

Q. Has anyone suggested during any of your studies that there is a greater use of sick leave by people overseas owing to the unhealthy conditions of the foreign assignment, as opposed to the normal sick leave in the United States?

A. I personally haven't gone into that.

. . . Off the record . . .

Q. Have you given any thought on this housing to giving them furnished housing and thus eliminating the transfer of furniture?

A. Yes. We have found in various surveys made by the agencies that in many cases it is cheaper to furnish the homes, and, in turn, store the employees' furniture at government expense in the United

States, than to ship it over. I think there will be some general recommendation to that effect, but I don't think anything definite.

MR. DU FLON: It's in our allowance Bill.

Q. What effect do you see, conflict or otherwise, on your proposed Bills on health and medical benefits overseas and the group health insurance legislation, which seems fairly certain of going through Congress?

A. There is no conflict at all. In many cases it's rather impractical to extend insurance benefits overseas because of the lack of facilities by the insurance carriers themselves and the lack of agents to represent the carriers and do the work, and the claims usually have to be handled on a basis whereby you make the payments yourself and then send in the claims to the insurance company. It's a long, drawn-out process, and we feel that if we can work out something that will be handled fully by the government, and then a means by which a person can enter into a plan immediately upon return to the United States, it would be better than to try to extend the insurance benefits overseas. If they were covered overseas by a comprehensive medical program there would be no need for an insurance policy overseas.

MR. REYNOLDS: I think we have time for just one more question, because we have been here for two hours and I know Mr. DuFlon has to get back.

Thank you, sir, very much. We appreciate your coming over.

. . . The presentation concluded at 4:04 p.m. . . .